App F IX 4//

Previous References

1948-49
Ml)

File No 88-48
Serial Nos 18, 19

Later References

p 45 E

GENERAL AND REVENUE SECRETARIAT

Serial Nos J 250

Part B for Oct 48

SUBJECT

Levy of octroi duty on certain ~~and~~ new articles in Bangalore City ~~Municipality~~ Municipality

L 3951/B 18-10-48

To The Ml Comr B City
(through the Posd

States that the govt are not in favour of the levy of octroi on fresh articles

G R S III—3]

ROUTINE NOTES

[To be used only for notes, requisitions, etc , not intended for permanent record]

N & MLV SECRETARIAT
7881
22 NOV 1946
260 G BRANCH

Memo dated 16-11-1946 from the Secretary, the Mysore Spg & Mfg Co Ltd and the Minerva Mills Ltd forwarding a copy of his letter to the Municipal Commissioner Bangalore city objecting to the proposal of the Bangalore city Municipal Council to levy octroi duty on raw cotton & colours imported into the city municipal limits

It is stated that by the levy of octroi duty on raw cotton & colours the profits of the Mysore Spg & Mfg Co would get reduced by Rs 57,000 per annum and those of the Minerva Mills by Rs 43 000 per annum

Reference is also invited to para 7, 8 & 9 of the letter

The levy of octroi duty, as a question dealt with in the Progress Branch, may be transferred to L S & G Branch. That Branch may therefore be consulted in the matter

Form 3 Post levy L S & G 2/4
20/11/46 a/c J
by 20/1 .

by Mr. Sivaswamy 21/11/46

N B —Should routine notes be written on small slips, the notes must be copied or slips pasted on this form.

WD 08/3—GPB—25 000—20 11 45

3881 / 3756 / 3795

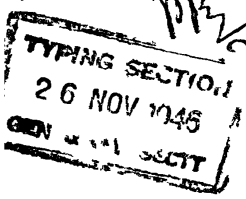
1) A memo called for a report from the M.I. Room Bangalore City is forwarded

25/11/46

25/11

Memo signed

26/11



Issued no 7852 dy 26 11 46

Sus AD

3881 / 3991 / 4528

From the Municipal Commr Bldre city
A4-C 357/44-45 d 29-1-45
states that the proposal to levy octroi
on raw cotton and colours imported into
city limits by Messrs The Mysore Spinning and
Weaving Company, Bldre has been placed
before the reconstituted Municipal Council and
that their decision would be intimated in
due course

yes
for
Dy/Dpty be awaited till 16-3-1945

re Dr B 2 48
13/2/45

Dy
Perused
Secy Dpty
yes
8 -
16/2/45
Dpty

7883
14/2

Subs A)
Dr

60325 4528 6009 6217

From the Secretary The Mysore Spinning &
Manufacturing Co Ltd

Forwarding a copy of his letter dated 8-4-48
addressed to the Municipal Commr Bangalore city
protesting against the levy of octroi duty on
raw cotton - wool and colouring etc

Letter d 8-4-48 from the Director - The Bangalore - Woollen-
Cotton & Silk Mills Ltd on the subject
9) A draft reply to the above forwarded
Reminder to the
Municipal Commr Bangalore city - is enclosed

12/4/48

10) Issued
13/5/48

To Messrs Binny & Co
Mysore Spinning & Manufacturing
16027-9 - d 21-4-48
Informing that the matter is under
examination

Sus A)
Mr

Letter No A4 C 357/47 dated
the 12th July 1948 from the
Municipal Commissioner, Bangalore
city Municipality requesting orders
of Government on the resolution

Levy of Octroi duty on certain articles in Bangalore City Municipality as per list suggested by the Special Officer

ML
5-93

of the ML Dl dated 3-5-48 on the subject, and enclosing for personal perusal copies of the representation and other correspondence in the matter

11) The proposal is to levy octroi on articles as shown in the list and the
Hqrs) Dl have approved of it in its resolution
7) Dl dated 3-5-48 objections petitions by firms etc are also enclosed The Octroi Supt
8) has answered the objections in his report dated 7-5-48 The Dl Commr states that
12) the levy is according to the suggestions of the Special Officer and would bring in a Considerable amount of revenue The new
PUD) levy on raw cotton, raw wool alone would, it is stated, bring in a revenue of a lakh of rupees and income from other items another lakh of rupees Draft order

13) It is for Consideration whether further action in this behalf may be stayed, pending decision on the general policy in regard to the levy of octroi in Municipalities

14) For orders

JOR 30/7/48

THE MINISTER FOR CITY MUNICIPALITIES AND RURAL
No. 529
Date 6-8-1948

31/7

By 31/7

15) I think further action may be stayed as proposed

Secy to Govt 5/8/48

Government have already taken a decision that no levy of octroi duty on articles ~~which have~~ be permitted

18/9/48

20/9

17) DIR replied

18) Lt. consulted with a draft for GOI

19) PI quoted in the above letter the recent GO on the subject and put up for 4/10/48

20) A copy of the Secy No L 24-12-48/Ad 88-48-9 dt 11-9-48 had been received in the letter

12/10/48

Done 19/10/48

To

The Municipal Commissioner
Bellary
(Thro the President)

L-3951/Acdl 88-48-19

dt 18/10/48

Defence Dept

THE MYSORE SPG. & MFG CO.,LIMITED

MINERVA MILLS, LIMITED

(Regd Office 70 Forbes Street Fort Bombay)

HEAD OFFICE
N SIRUR & Co, Ltd
MANAGING AGENTS BOMBAY

TELEGRAMS — CHAMUNDI
BOMBAY & BANGALORE
TELEPHONE NOS — 2040 (MILLS)
2010 (OFFICE)

GEN & REV SECRETARIAT
J756
18 NOV 1946
L S G BRANCH

No MM/HC/2 786/46

Bangalore, November 16, 1946

The Municipal Commissioner,
Bangalore City Municipality,
Bangalore.

Sir,

With reference to your notice No A 4 C 505/46 dated the 24th October 1946 inviting objections to the resolution of the Municipal Council passed on 23rd September 1946 proposing levy of octroi duty on certain articles and at certain rates specified at foot of the said notice, I beg respectfully to state as follows

2 The power to levy taxes primarily vests in the Sovereign and it is only to the extent to which that power has been delegated by the Sovereign that any other person or body corporate can exercise such power. If any limitations have been placed on the exercise of such power, they must be strictly adhered to Bearing these principles in mind, if we examine the provisions of the Mysore City Municipalities Act (Act No-VII of 1933), it will be clear that the City Municipalities have been empowered to levy only such taxes as have a correlation of some kind or the other to the amenities which the Municipalities are bound to or may give to the residents within their limits. In fact, it almost looks as though the taxes are the quid-pro-quo for the civic amenities which the Municipal Council is bound to or may provide to its citizens

3 In this connection, the provisions of Chapter VI and VII of the Act may be referred to for further clarification They show that the Municipal Council is statutorily bound to provide certain amenities as laid down in Sections 58 & 59, and may at their discretion provide for certain other amenities mentioned in Section 61 For all these amenities the Municipal Council may levy corresponding taxes.

4 Speaking of relevant provisions of the Act, section 64 Cl.(b) clearly mentions that the Municipal Council may impose taxes only "for the purposes of the Act." Paraphrased into

simpler notions, it is submitted that the expression "for the purposes of the Act" really means that the Municipal Council can raise revenue by levy of taxes only when the revenue corresponds to the amenities which the Municipal Council provides to the citizens under Chapter VI, and only to the extent to which such revenue is required for those purposes. We therefore submit that revenue raised or realised from one source cannot indeed be applied to any other purpose which does not correspond to such levy. Each source of revenue and the corresponding expenditure of that revenue form a distinct group of tax and amenity. Further, the provisions of the Act also indicate that the revenue must ultimately be borne by the citizens who enjoy the amenities. In the present case, however, we beg to point out that in the last resort these proposed duties may have to be borne by consumers of our finished products, who are mostly non-residents vis-a-vis the Municipality and to whom prima facie the City Municipality extends no amenities.

5. For example, taking the case of octroi duties, it will be seen that octroi duties can be levied only under Section 64 (b) (iv) which provides that a Municipal Council may impose

> "An Octroi on animals or goods or both brought within the Octroi limits for consumption or use therein"

A bare reading of this provision shows that octroi duty can be levied on animals or goods brought within Municipal limits for consumption or use, so that the person who pays the duty in the first instance can recover it in the last resort from the consumer citizen within the Municipal limits who uses the goods or the animals. If this is a correct interpretation of the provision, it is clear that the resolution is invalid in so far as it concerns raw materials or other goods which are brought within the Municipal limits not for consumption or use but only for the purpose of manufacture and conversion into a finished product for sale. The principle underlying this contention is accepted in Sales Tax Acts, which exempt basic materials used in manufacture of finished goods.

6. Referring to the terms of the resolution of the Municipal Council as set out in the notice, we beg to state that the particulars do not show why this extra revenue is required nor contain the particulars required by Section 65 (a).

We are interested in the proposed duty on raw cotton and colour included in the list at foot of the said notice. We are bringing these things into Bangalore only for the purpose of our manufacturing process of converting cotton into yarn and cloth for sale as finished products. We therefore submit that the levy of octroi on such basic raw materials of large industries situated within Bangalore City Municipal limits would have the most serious repercussions not only on our industries but on labour and the fiscal interests of the State.

The products of this Company are sold throughout the length and breadth of India. Owing to its geographical position the Company already at a serious disadvantage to the extent of the transport charges to these markets. Levy of the octroi duty proposed would be a very additional burden on the Company's costs of production and would seriously impair its competitive capacity The money drawn into the State from outside sources would be greatly diminished and the profits of the Company would be affected to a marked degree, if it has to rely on the local and neighbouring markets. The State would suffer directly to the extent of income-tax and super-tax that would otherwise be recoverable from the profits thus sacrificed

8 At present the Company's selling prices are subject to ceilings fixed under the Cotton Cloth & Yarn Control Order and they are not therefore in a position to recover from the consumer the amount of octroi charges. The direct loss of profits in the present circumstances would be of the order of Rs 43,000/- per annum When competitive conditions return, which will be at no distant date, it will be impossible for the Company to compete in any but nearby markets when they are placed at such heavy disadvantage unless there is a corresponding reduction in costs under other heads. The only possibility of such large economies would lie in a comparable reduction in workers' wages, a step which the Company may be forced to take though most reluctantly and which would have very serious repercussions in the City and throughout the State The other alternative would be to move the entire Mills to a site beyond the Municipal limits, which would be justified in the long term view on financial grounds, but would most seriously affect the interests of the City and the Municipality. *Rs 43,000/- for Minerva and Rs 57,000/- Mysore Mills

9 We further beg to mention that no octroi duty is levied by any of the Municipalities in the Mysore State or elsewhere in India on raw cotton brought within their limits for the purpose of manufacture and conversion into finished products for sale We shall therefore be at a serious disadvantage as compared with Textile Mills in other parts of Mysore State and the country.

10 We therefore contend that in view of the very serious issues involved in the step proposed by the Municipality, the proposal should not be proceeded with.

11. In view of the serious implications of the proposal as far as the State is concerned, we are sending a copy of this letter to the Government of Mysore

Youfs faithfully,

Secretary

Copy forwarded with compliments to the Secretary, Local Self Government Department, Government of H H the Maharaja of Mysore

SECRETARIAT
2791
19 NOV 1946

Tel. ph c Address WOOLLEN BANGALORE

To

The Municipal Commissioner,
City Municipal Offices,
BANGALORE CITY.

From

The Bangalore Woollen, Cotton & Silk Mills Co, Ltd.

Bangalore City 15th November 1946

Dear Sir,

We refer to a Notice signed by you dated 24th October 1946 and published in the daily newspaper "Tainadu" of 29.10.1946 quoting a resolution passed by the Bangalore City Municipal Council on 23.9.1946 in the matter of Octroi Duty.

It is a recognised principle that Octroi Duty is normally levied only on goods and materials which are for the most part sold to local consumers, and from whom the duty can be recovered in the sale price. To levy Octroi Duty on the basic raw materials (raw cotton and raw wool) of large industries situated within City limits would have the most serious repercussions, not only on those industries, but on their labour and the State, and we strongly protest against the proposal made in the resolution referred to above in respect of the above materials.

The products of this Company are sold throughout the length and breadth of India, in many cases on the door step of its competitors Owing to its geographical position, the Company is already at a serious disadvantage to the extent of the transport charges to these markets. The levy of the Octroi Duty proposed would be such a heavy additional imposition on the Company's costs of production as to seriously impair its competitive ability. The money drawn into the State from outside sources would be greatly diminished and the profit of the Company would be affected to a marked degree, in addition to the actual amount of the levy proposed, if it has to rely on the local and neighbouring markets. The State would suffer directly to the extent of Income and Super Tax that would otherwise be recoverable from the profits thus sacrificed.

At present the Company's selling prices are subject to ceilings fixed under the Cotton Cloth & Yarn Control Order, and they are not therefore in a position to recover from the consumer the amount of Octroi charged. The direct loss of profits in the present circumstances would be of the order of Rs.1,80,000 annually which represents about 7% per annum of the Company's share capital of Rs 26,25,000/- When competitive conditions return, which will be at no distant date, it would be impossible for the Company to compete in any but nearby markets when they are placed at such a heavy disadvantage unless there is a corresponding reduction in costs under other heads. The only possibility of such large economies would lie in a comparable reduction in workers' wages, a step which the Company would only take most reluctantly, but one which would have very serious repercussions in the City and throughout the State. The other alternative would be to move the entire mills to a site beyond Municipal limits. Such a move would be justified in the long term view on financial grounds, but again it would most seriously affect the interests of the City.

P T.O.

Having regard to the very serious issues involved in the step proposed by the Municipality, it is hoped that the proposal to levy Octroi Duty on Raw Cotton and Raw Wool will not be proceeded with.

In view of the serious implications of this proposal, as far as the State is concerned, we are sending a copy of this letter to the Government of Mysore.

Yours faithfully,

for The Bangalore Woollen, Cotton & Silk Mills Co. Ltd.
For and on behalf of
BINNY & CO., (MADRAS) LTD.,

[signature]

JOINT SECRETARIES & TREASURERS

Copy to,
The Chief Secretary to Government,
Old Public Offices,
Bangalore

EJ.

BANGALORE CITY MUNICIPALITY

No A4 C 257/47-48

Encl

MUNICIPAL OFFICES,
BANGALORE CITY

Dated 29th January 194

FROM

SAFI DARASHAH, Esq, B A,
MUNICIPAL COMMISSIONER,
BANGALORE CITY

To

Syed Abdul Aleem, Esq , B A ,
Secretary to Government of Mysore,
Revenue Department, Bangalore

SIR,

Subject - Levy of Octroi on raw cotton and colours imported into the City Limists by Messrs The Mysore Spinning and Weaving, Co , Ltd , Bangalore

---

With reference to your letter No I 11900 dated 18-12-1947, I have the horour to state that the subject being deferred by the Municipal Council from time to time, the same has been placed before the reconstituted Council for consideration and the decision of the Council will be communicated in due course for orders of Government

I have the honour to be,
Sir,
Your most obedient servent,

Municipal Commissioner

MINERVA MILLS LIMITED &

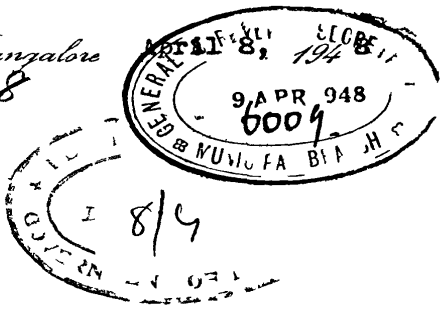
THE MYSORE SPG & MFG. CO. LTD

(Regd Office —70 FORBES STREET FORT BOMBAY)

Managing Agents
SIRUR & Co Ltd

Telegrams CHAMUNDI
Bangalore & Bombay
Telephone 2010

Ref No MSM/AC/3/133/48 Bangalore April 8, 1948



The Municipal Commissioner,
Bangalore City Municipality,
Bangalore.

Dear Sir,

In or about November 1946 the Municipality published a Notification notifying their intention to enact a bye-law enabling them to levy an Octroi duty on raw cotton, wool and colours (dyestuffs) imported into Bangalore City. We then sent them our protest as per copy of our letter No MSM/AC/3/ dated 16th November 1946 annexed hereunto We understood that several other manufacturers also sent up their protest Consequently the bye-law was not enacted and we understood that the matter had been dropped

In the course of the last few days information has reached us that the Municipality has again revived the idea and an attempt is being made to have the bye-law enacted We beg to point out that without a fresh Notification the bye-law cannot be enacted and as no such Notification has been issued, it may not be proper to take up this subject for discussion at this stage

We also beg to repeat our protest as per copy of letter annexed hereunto and beg to point out that the Octroi duty will involve great hardship on manufacturers within the State

We request you kindly to bring the points urged by us against the levy to the kind attention of the Council if and when the subject comes up for discussion

Yours faithfully,
for The Mysore Spg & Mfg. Co. Ltd.
SECRETARY

Enclosure : 1 copy of letter

Copy to The Secretary, Local Self Government Department, Bangalore

Letter No MSM/AC/3 dated November 16, 1946 from the Mysore Spg & Mfg Co , Ltd & Minerva Mills, Ltd , Bangalore to the Municipal Commissioner, Bangalore City Municipality, Bangalore

With reference to your notice No A 4 C 595/46 dated the 24th October 1946 inviting objections to the resolution of the Municipal Council passed on 23rd September 1946 proposing levy of octroi duty on certain articles and at certain rates specified at foot of the said notice, we beg respectfully to state as follows

2 The power to levy taxes primarily vests in the Sovereign and it is only to the extent to which that power has been delegated by the Sovereign that any other person or body corporate can exercise such power If any limitations have been placed on the exercise of such power, they must be strictly adhered to Bearing these principles in mind, if we examine the provisions of the Mysore City Municipalities Act (Act No VII of 1933), it will be clear that the City Municipalities have been empowered to levy only such taxes as have a correlation of some kind or the other to the amenities which the municipalities are bound to or may give to the residents within their limits In fact, it almost looks as though the taxes are the quid-pro-quo for the civic amenities which the Municipal Council is bound to or may provide to its citizens

3 In this connection, the provisions of Chapter VI and VII of the Act may be referred to for further clarification They show that the Municipal Council is statutorily bound to provide certain amenities as laid down in Sections 58 and 59 and may at their discretion provide for certain other amenities mentioned in Section 61 For all these amenities the Municipal Council may levy corresponding taxes

4 Speaking of relevant provisions of the Act, Section 64 Cl (b) clearly mentions that the Municipal Council may impose taxes only "for the purposes of the Act" Paraphrased into simpler notions, it is submitted that the expression "for the purposes of the Act" really means that the Municipal Council can raise revenue by levy of taxes only when the revenue corresponds to the amenities which the Municipal Council provides to the citizens under Chapter VI, and only to the extent to which such revenue is required for those purposes We therefore submit that revenue raised or realised from one source cannot indeed be applied to any other purposewhich does not correspond

cont'd

to such levy Each source of revenue and the corresponding expenditure of that revenue form a distinct group of tax and amenity Further, the provisions of the Act also indicate that the revenue must ultimately be borne by the citizens who enjoy the amenities In the present case, however, we beg to point out that in the last resort these proposed duties may have to be borne by consumers of our finished products, who are mostly non-residents vis-a-vis this Municipality and to whom, prima facie the City Municipality extends no amenities

5 For example, taking the case of octroi duties, it will be seen that the octroi duties can be levied only under Section 64 (b) (iv), which provides that a Municipal Council may impose

> "An Octroi on animals or goods or both brought within the octroi limits for consumption or use therein"

A bare reading of this provision shows that octroi duty can be levied on animals or goods brought within Municipal limits for consumption or use, so that the person who pays the duty in the first instance can recover it in the last resort from the consumer citizen within the Municipal Limits who uses the goods or the animals If this is a correct interpretation of the provision, it is clear that the resolution is invalid in so far as it concerns raw materials or other goods which are brought within the Municipal limits not for consumption or use but only for the purpose of manufacture and conversion into a finished product for sale The principle underlying this contention is accepted in Sales Tax Acts which exempt basic materials used in manufacture of finished goods.

6 Referring to the terms of the resolution of the Municipal Council as set out in the notice, we beg to state that the particulars do not show why this extra revenue is required nor contain the particulars required by Section 65(a)

We are interested in the proposed duty on raw cotton and colours included in the list at foot of the said notice We are brining these things into Bangalore City only for the purpose of our manufacturing process of converting cotton into yarn and cloth for sale as finished products We therefore submit that the levy of octroi on such basic raw materials of large industries situated within Bangalore City Municipal limits would have the most serious repercussions not only in our industries but on labour and the fiscal interests of the State

7 The products of this Company are sold throughout the length and breadth of India Owing to its geographical position the Company is already at a serious disadvantage to the extent of the transport charges to these markets. Levy of the octroi duty proposed would be a heavy additional burden on the Company's costs of production and would seriously impair its competitive capacity. The money drawn into the State from outside sources would be greatly diminished and the profits of the Company would be affected to a marked degree, if it has to rely on the local and neighbouring markets. The State would suffer directly to the extent of income-tax and super-tax that would otherwise be recoverable from the profits thus sacrifieed

8 At present the Company's selling prices are subject to ceilings fixed under the Cotton Cloth and Yarn Control Order and they are not therefore in a position to recover from the consumer the amount of octroi charges The direct loss of profits in the present circumstances would be of the order of Rs 57,000/- per annum When competitive conditions return, which will be at no distant date, it will be impossible for the Company to compete in any but nearby markets when they are placed at such heavy disadvantage unless there is a corresponding reduction in costs under other heads The only possibility of such large economies would ~~like~~ lie in a comparable reduction in workers' wages, a step which the company may be forced to take though most reluctantly and which would have very serious repercussions in the City and throughout the State. The other alternative would be to move the entire Mills to a site beyond the Municipal limits, which would be justified in the long term view on financial grounds, but would most seriously affect the interests of the City and the Municipality,

9 We further beg to mention that no octroi duty is levied by any of the Municipalities in the Mysore State or elsewhere in India on raw cotton brought within their limits for the purpose of manufacture and conversion into finished products for sale We shall therefore be at a

*Rs 43,000/- in the case)
of Minerva Mills)

p.t.o

12

Tel graphic Address
WOOLLEN BANGALORE

To

The Municipal Commissioner,
City Municipal Offices,
BANGALORE CITY.

From

The Bangalore Woollen, Cotton & Silk Mills Co, Ltd.

Bangalore City 8th April 1948

GENERAL & PF SECTT TARIAT
12 APR 948
6032
& ANNEXE BRANCH

9/4

Dear Sir,

We learn with considerable apprehension that a Resolution has been tabled to have a bye-law enacted to enable the Municipality to levy an Octroi Duty on Raw Cotton & Wool and Colours (dyestuffs) imported into Bangalore City.

On 24th October 1946 a Notice signed by you was published in the daily newspaper "Tainadu" of 29th October 1946 quoting a Resolution passed by the Bangalore City Municipal Council on 23rd September 1946 concerning Octroi Duty. At that time we addressed you a letter dated 15th November 1946, copy of which is enclosed, protesting against the levy of this Octroi Duty on Raw Cotton & Wool and Colours (dyestuffs) imported into Bangalore City. Subsequently the bye-law was not enacted and we understood the matter had been dropped. We hope our information that the Municipality has again revived the idea to have a bye-law enacted, is without foundation.

So that you are fully acquainted with our views on the very serious issues involved, we repeat our protest against the proposal to levy Octroi Duty on Raw Cotton & Wool and Dyestuffs and request you to brin the serious implications of this proposal to the attention of the Council if and when the subject comes up for discussion.

Yours faithfully,

The Bangalore Woollen Cotton & Silk Mills Co
BINNY & CO (MADRAS) LTD

Sd/- A Nisbett
DIRECTOR
AGENTS SECRETARIES & TREASURERS

Copy to,
The Secretary,
Local Self-Government Dept ,
Bangalore.

EJ.

The Municipal Commissioner,
City Municipal Offices,
BANGALORE CITY.

15th November 1946

Dear Sir,

We refer to a Notice signed by you dated 24th October 1946 and published in the daily newspaper "Talnadu" of 29.10.1946 quoting a resolution passed by the Bangalore City Municipal Council on 23.9.46 in the matter of Octroi Duty.

It is a recognised principle that Octroi Duty is normally levied only on goods and materials which are for the most part sold to local consumers, and from whom the duty can be recovered in the sale price. To levy Octroi Duty on the basic raw materials (raw cotton and raw wool) of large industries situated within City limits would have the most serious reperoussions, not only on those industries, but on their labour and the State, and we strongly protest against the proposal made in the resolution referred to above in respect of the above materials.

The products of this Company are sold throughout the length and breadth of India, in many cases on the door step of its competitors. Owing to its geographical position, the Company is already at a serious disadvantage to the extent of the transport charges to these markets. The levy of the Octroi Duty proposed would be such a heavy additional imposition on the Company's costs of production as to seriously impair its competitive ability. The money drawn into the State from outside sources would be greatly diminished and the profits of the Company would be affected to a marked degree, in addition to the actual amount of the levy proposed, if it has to rely on the local and neighbouring markets. The State would suffer directly to the extent of Income and Super Tax that would otherwise be recoverable from the profits thus sacrificed.

At present the Company's selling prices are subject to ceilings fixed under the Cotton Cloth & Yarn Control Order, and they are not therefore in a position to recover from the consumer the amount of Octroi charged. The direct loss of profits in the present circumstances would be of the order of Rs.1,80,000 annually which represents about 7% per annum of the Company's share capital of Rs.26,25,000/-. When competitive conditions return, which will be at no distant date, it would be impossible for the Company to compete in any but nearby markets when they are placed at such a heavy disadvantage unless there is a corresponding reduction in costs under other heads. The only possibility of such large economies would lie in a comparable reduction in workers' wages, a step which the Company would only take most reluctantly, but one which would have very serious reperoussions in the City and throughout the State. The other alternative would be to move the entire Mills to a site beyond Municipal limits. Such a move would be justified in the long term view on financial grounds, but again it would most seriously affect the interests of the City.

Having regard to the very serious issues involved in the step proposed by the Municipality, it is hoped that the proposal to levy Octroi Duty on Raw Cotton and Raw Wool will not be proceeded with.

P.T.O.

In view of the serious implications of this proposal, as far as Lycoro State is concerned, we are sending a copy of this letter to the Government of Lycoro.

Yours faithfully,

Sd/- W.D. Scott

Telegraphic Address
WOOLLEN BANGALORE

To

The Municipal Commissioner,
City Municipal Offices,
BANGALORE CITY.

From

The Bangalore Woollen, Cotton & Silk Mills Co, Ltd

Bangalore City 8th April 1948

GENERAL & PRIVATE SECRETARIAT
6212
19 APR 1948

Dear Sir,

We learn with considerable apprehension that a Resolution has been tabled to have a bye-law enacted to enable the Municipality to levy an Octroi Duty on Raw Cotton & Wool and Colours (dyestuffs) imported into Bangalore City.

On 24th October 1946 a Notice signed by you was published in the daily newspaper "Tainadu" of 29th October 1946 quoting a Resolution passed by the Bangalore City Municipal Council on 23rd September 1946 concerning Octroi Duty. At that time we addressed you a letter dated 15th November 1946, copy of which is enclosed, protesting against the levy of this Octroi Duty on Raw Cotton & Wool and Colours (dyestuffs) imported into Bangalore City. Subsequently the bye-law was not enacted and we understood the matter had been dropped. We hope our information that the Municipality has again revived the idea to have a bye-law enacted, is without foundation.

2nd Reg. Br. 15/4/48

So that you are fully acquainted with our views on the very serious issues involved, we repeat our protest against the proposal to levy Octroi Duty on Raw Cotton & Wool and Dyestuffs and request you to bring the serious implications of this proposal to the attention of the Council if and when the subject comes up for discussion.

Yours faithfully,

For The Bangalore Woollen Cotton & Silk Mills Co Ltd
BINNY & CO, (MADRAS) LTD
Sd/- A Nisbett
DIRECTOR
AGENTS SECRETARIES & TREASURERS

1574 5b Rev Secy W/c
8 APR 1948
SECY TO GOVT OF MYSORE

Copy to,
The Chief Secretary to Government,
Old Public Offices,
Bangalore

EJ.

COPY

The Municipal Commissioner,
City Municipal Offices,
BANGALORE CITY.

15th November 1946

Dear Sir,

We refer to a Notice signed by you dated 24th October 1946 and published in the daily newspaper "Tainadu" of 29.10.1946 quoting a resolution passed by the Bangalore City Municipal Council on 23.9.46 in the matter of Octroi Duty.

It is a recognised principle that Octroi Duty is normally levied only on goods and materials which are for the most part sold to local consumers, and from whom the duty can be recovered in the sale price. To levy Octroi Duty on the basic raw materials (raw cotton and raw wool) of large industries situated within City limits would have the most serious repercussions, not only on those industries, but on their labour and the State, and we strongly protest against the proposal made in the resolution referred to above in respect of the above materials.

The products of this Company are sold throughout the length and breadth of India, in many cases on the door step of its competitors. Owing to its geographical position, the Company is already at a serious disadvantage to the extent of the transport charges to these markets. The levy of the Octroi Duty proposed would be such a heavy additional imposition on the Company's costs of production as to seriously impair its competitive ability. The money drawn into the State from outside sources would be greatly diminished and the profits of the Company would be affected to a marked degree, in addition to the actual amount of the levy proposed, if it has to rely on the local and nieghbouring markets. The State would suffer directly to the extent of Income and Super Tax that would otherwise be recoverable from the profits thus sacrificed.

At present the Company's selling prices are subject to ceilings fixed under the Cotton Cloth & Yarn Control Order, and they are not therefore in a position to recover from the consumer the amount of Octroi charged. The direct loss of profits in the present circumstances would be of the order of Rs.1,80,000 annually which represents about 7% per annum of the Company's share capital of Rs.26,25,000/-. When competitive conditions return, which will be at no distant date, it would be impossible for the Company to compete in any but nearby markets when they are placed at such a heavy disadvantage unless there is a corresponding reduction in costs under other heads. The only possibility of such large economies would lie in a comparable reduction in workers' wages, a step which the Company would only take most reluctantly, but one which would have very serious repercussions in the City and throughout the State. The other alternative would be to move the entire Mills to a site beyond Municipal limits. Such a move would be justified in the long term view on financial grounds, but again it would most seriously affect the interests of the City.

Having regard to the very serious issues involved in the step proposed by the Municipality, it is hoped that the proposal to levy Octroi Duty on Raw Cotton and Raw Wool will not be proceeded with.

P.T.O.

In view of the serious implications of this proposal, as far as Mysore State is concerned, we are sending a copy of this letter to the Government of Mysore.

Yours faithfully,

Sd/- W.D. Scott

Dear Sirs,

L 16027-9

21.4.48

In reply to your letter dated

~~regarding the~~ levy

of octroi duty on raw cotton

wool- colours (dyestuffs) imported into

the Bangalore City by the City Municipality

the Bangalore City - am desired to

state that the Questions is under

examination

~~Consideration~~

1) ~~The Director~~ Burn & Co (India) Ltd, Agents,

the Bangalore Woollen Cotton & Silk Mills Ltd

2) The Secretary Bangalore City

The Mysore Spinning &

Manufacturing Co Ltd

Bangalore

Yrs faithfully

By 13/4/48

for Secy

P.T.O.

In view of the serious implications of this proposal, as far as Mysore State is concerned, we are sending a copy of this letter to the Government o

19

Memo no d 16028
21/4/48

Copy w-c to the Municipal
Co. Barcelona city - for favour
of expediting the further action
mentioned in his letter no A4 C 357
dated 29-1-48 47-48

Bro

Bro
13/2/48

for Revenue Se

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat,

No L 16027-9 *Dated, Bangalore,* 21 4 1948

FROM

The *Secretary to the Government of*
His Highness the Maharaja of Mysore
Revenue Department.

To

1) M/s. Binny & Co.(Madras) Ltd., Agents, The Bangalore Woollen, Cotton & Silk Mills Ltd., Bangalore city.
2) The Secretary, Mysore Spinning & Manufacturing Co.Ltd Bangalore.

Sir,

In reply to your letter dated 6th April 1948 regarding the levy of Octroi duty on raw cotton, wool colours (dyestuffs) imported into the Bangalore city by the City Municipality, I am desired to state that the question is under examination.

Yours faithfully,

Sd) Syed Abdul Aleem.

Secretary to Government,
Revenue Department.

p.t.o.

In vi
Mysore Stat
Government

21

Memo No. L 16028 21 4 48

Copy of the foregoing is forwarded with compliments to the Municipal Commissioner, Bangalore city, for favour of expediting the further report promised in his letter No. A4.C.357/47-48 dated 29-1-1948.

By Order,

For Secretary to Government,
Revenue Department

Spare copy

Ml 593

Bangalore City Municipality.

No A4 C 357/47
Encl Notification 1
Statement 2
Comments 2
O's report 1
List of articles 1
Octroi Rate 10
19

MUNICIPAL OFFICES,
Bangalore 12th Jul 194

FROM A S Khaleel, Esq , B A , B L.,
SAYI DAYASHAHI Esq, xxx,
MUNICIPAL COMMISSIONER
BANGALORE CITY

GENERAL REVENUE SECRETARIAT
21 JUL 1948
MUNICIPAL BRANCH

ml 88-48-18

To

Syed Abdul Aleem, Esq , B A ,
Secretary to Government of Mysore,
Revenue Department, Bangalore

SIR

Subject - Levy of Octroi Duty on certain articles as per list suggested by the Special Officer deputed to examine all the matters relating to the Finances of the Bangalore City Municipality

---

In continuation of this office letter No A4 C 357/47-48 dated 29-1-48 re the above subject, I have the honour to state that the subject was in the first instance placed before the Managing Committee at their meeting held on 9-9-46 together with a detailed office note in this behalf and the same was finally approved by the Municipal Council at their meeting held on 25-9-46 who have resolved to levy octroi duty on sixteen fresh items as noted in the enclosed list.

Thereupon, objections, if any, were invited, in this office notice No A4 C 595/46 dated 26-10-46, from the Public against the proposed levy in this behalf In response to this a few objections were received from the public as well as from the firms such as the Minerva Mills, The Bangalore Woollen, Cotton and Silk Mills Co , Ltd , the Chamber of Commerce etc All these objections together with a detailed note by the octroi Superintendent furnishing necessary replies to the objections were placed before the Managing Committee and the Municipal Council who have at their meetings held on 4-2-48 and 3-5-48 respectively finally approved of their previous resolution with certain modifications in the light of the Octroi Superintendent's report

Copies of all the resolutions referred to above together with those of octroi Superintendent's report and of this office note are forwarded herewith for favour of reference, besides forwarding all the

objections received in this connection.

I may state in this connection that, with a view to improve the finances of this Municipality, the levy of octroi duty on fresh items as proposed now was at first suggested by the Special Audit Officer who was deputed sometime back for reviewing the financial position of the Municipality. It may also not be out of place to mention that, if the resolution of the Municipal Council to the proposed levy were to be given effect to when the Municipality is exploring ways and means to augment its revenues, the new levy on Raw Cotton and Raw Wool alone would bring in a revenue of more than a lac of rupees and the income under other items in the list may perhaps be estimated at another lac of rupees in the first year of its levy

In these circumstances, I request that early orders of Government may be kindly obtained in the matter

I have the honour to be,
Sir,
Your most obedient servant,

Municipal Commissioner

Forwarded with compliments

Honorary President

TNL/-

'C 595/46

City Municipal Offices,
Bangalore City, Dated 24th Oct 1946

N O T I C E

It is hereby notified for the information of the public that the Bangalore City Municipal Council at their meeting held on 23-9-46 have resolved to levy octroi duty as per rates noted against each item on the undermentioned articles under section 64 of the Mysore City Municipalities Act VII of 1933 Any person objecting to the proposed levy may within one month from the date of the publication of this notice prefer his objection to the undersigned in writing Objections received thereafter will not be considered

Sd/-Safi Darashah,
Municipal Commissioner

	Name of articles	Rate at which the octroi is proposed to be levied			Unit or quantity
		Rs	A.	P	
1	Asbestos Sheets	1	9	0	-do-
2	Copper	1	9	0	-do-
3	Brass	1	9	0	-do-
4	Musical goods (Radios and Gramphone Records)	1	9	0	-do-
5	Alluminium Wear	1	9	0	-do-
6	Kashmir Silk (Non-Mysore)	1	9	0	-do-
7	Motor accessories	1	9	0	-do-
8	Colour and metal polish	1	9	0	-do-
9	Electric goods	1	9	0	-do-
10	Foreign toys	1	9	0	-do-
11	Glazed tiles	1	9	0	-do-
12	Glassware (foreign)	1	9	0	-do-
13	Raw Cotton	1	9	0	-do-
14	Raw wool	1	9	0	-do-
15	Chicory powder	1	9	0	-do-
16	Flooring and ceiling tiles	1	9	0	-do-

Sd/-Safi Darashah,
Municipal Commissioner

"Copy"

Municipal Commissioner

Note regarding levy of Octroi Duty on fresh items

---

1 The Municipal Council at their meeting held on 23-9-46 have approved the levy of octroi duty on 16 items specified in the Notice published in this Office No A4 C 595/46 dated 24-10-1946

2 The period of one month fixed for the receipt of objections from the public is now

a) Messrs the Bangalore Woollen, Cotton & Silk Mills Co ,Ltd , " the Minerva Mills Ltd- and Messrs the Mysore Spinning & Manufacturing Co ,Ltd ,Bangalore have filed objections against the levy of Octroi duty on Raw Cotton, Raw Wool, and Colours

b) Messrs Keshaval & Co , have filed objections against the levy of octroi on Brass & Copper materials

c) Messrs Dinkson & Co ,Messrs The Popular Talking Machine Co , have respectively filed objections against the levy of Octroi on Musical goods (Gramphone Records)

d) Messrs The Licensed Electrical Contractors' Association on Electrical goods

If approved the objections received will be placed before Council for consideration

---

"Copy"

Municipal Commissioner.

Note - Regarding levy of Octroi duty on 16 items mentioned in this office notice No A4 C 595/46 dated 24-10-46

The proposal to levy octroi duty 16 fresh items mentioned in this office notice No A4 C 595/46 dated 24-10-46 has been approved by the Municipal Council at their meeting held on 23-9-46

On calling for objections from the public, objections have received in respect of levy of octroi on copper, brass, gramaphone Records, Aluminium ware Electrical goods, raw cotton and raw wool The Octroi Superintendent has submitted a detailed report on all the points raised in the objection petitions and has reported that all the objections are not based on good grounds and is liable to be set aside He has however, made certain suggestions to the following items, for clasification

Item 2 & 3 Copper and brass - It is not clear whether these include copper-ware and brass ware Hence they may be altered to include "copper in any form" and "brass in any form"

Item 4 - Instead of Musical Goods the word Radio's is enough

Item 6 - Kashmir Silk (Non-Mysore) As the description is inconsistent and contradictory, the word "Kashmir Silk" is enough, if the levy of octroi is combined (4 items) to Kashmir silk alone

If approved, the recommendation of the Octroi Superintendent may be approved and the matter placed before Council for consideration

"Copy"

Municipal Commissioner

Proceedings of the meeting of the Managing Committee dated 9-9-1946

---

8 Opinion of the Managing Committee dated 8-8-1946 referring the report of the Special Audit Officer and the Commissioner's note thereon to the Commissioner for definite proposals Also Commissioner's report in the matter.

The report of the Special Auditor was gone through and the recommendation of the Commissioner about the re-organisation of the ministerial staff and the levy of certain octroi duty on articles as per list annexed hereto was approved.

That the number of auditors in the Municipal Offices be raised 3 to 5 as there is lot of increase in the volume of work

Sd/-P Sivashankar,
Chairman

"Copy"

Municipal Commissioner.

PROCEEDINGS OF THE MANAGING COMMITTEE DATED 4-2-48

Octroi Superintendent's report on the objections received from the Public against the proposed levy of Octroi Duty on 16 fresh items

--

sioner's note is approved. This may be placed before the Council

Sd/- K Shamaraja Iyengar,
Chairman
4-2-48.

"Copy"

Municipal Commissioner.

PROCEEDINGS OF THE MEETING OF THE COUNCIL DATED 3-5-1948
--0--

100 Deferred subject No 18/3-4-48 Opinion of the Managing Committee dated 4-2-48 approving the Commissioners note on the objections received from the public against the proposed levy of Octroi Duty on 16 fresh items Also letter from the Secretary, Mysore Chamber of Commerce in the matter

Sri G V.Rudrappa speaking observed that before going into the merits and demerits of the proposed levy it was necessary to consider whether the proposed levy of octroi duty on the 16 items would be conducive to the welfare of the Citizens of the City, and stressed the need to look to the good of the rate papers He said that consumers would be hard hit by the levy of octroi on these articles especially at a time when the prices of the articles such as copper, brass, aluminium and textile goods had gone up so high and if octroi duty was also levied there was no doubt the prices would go further up and it would be impossible for the ordinary man to get the same He said that this would give rise to a vicious circle of inflation in the prices, lessening the purchasing power of the consume and lowering production When the crying need of the hour was to check inflation and when Governments all over the world were making great efforts in this direction, it was not fair to go counter to the general trend

He continued and said that it would be a great handicap to Mysore Industry if the Textile Mills in the City had to meet with unequal competition from out side mills which were not subjected to octroi, forcing the local mills to cut down their prices The high wages and heavy burden of taxation would come in the way of increased production When the Government was trying to step up production it was not fair to put a break on the same He said that revenue should not be made the sole cretarion of the Municipality but that the conveniences of the people whom it represented should also be looked to There were other means of augmenting municipal revenue under the principles of accepted tazation No other Municipality in India had levied Octroi on raw materials like cotton and wool and they were exempted from the operation of the sales tax also in the Madras Province, and said that there was no precedent in India for such a levy

He further observed that even from the legal point of view that there was no express provision in the Act But schedule might perhaps was cited in support of this levy but that was only a saving of clause which was usual in all similar other enactments He said that if there was any need for such a levy these articles would have been included in the body of the Act without giving room for inference All the required formalities had not been observed and that 65 (c) specifically stated the procedure to be followed, for the appointment of a sub-committee for considering the question

He opposed the proposed levy and requested not to be misunderstood and said that he did not deal in any of the above articles but he had to oppose the same in the interest of the Citizens as well as industry and commerce He said that the proposed levy of octroi duty was neigher justified nor expedient

Janab A J Khaleel speaking observed that the representative of the Chamber of Commerce had raised some objections and had quoted good reasons also and said that it was the duty of the council to look after the welfare of the public consistent with the duties of the Municipal Council and its maintenance. He said that it woul have been better if Sri S P Venkataranga Iyengar was present in the meeting and suggested that the matter may be considered by the leade of the House as to the advisibility or otherwise of levying octroi duty on raw goods, having regard to the welfare of the consumers

p t o

Sri C.Nadappa then spoke and said that this was a long pending question and had been carefully considered. Even th special Officer deputed to examine the finances of the Municipality had suggested the levy of this duty and hence there was no deviation of any rules or procedure in this Ho said that there would be no completition and would not af the local mills since the outside goods would have been levi He said that resolutions had been passed previously to augme municipal resources and hence it was quite necessary to appi the present proposal He requested Sri G V Rudrappa to supi the proposed levy.

Sri Anantharaman speaking said that the required formalities had been observed and said that this was only an octroi duty and not a tax to be considered by a Committee The amount derived from this levy would be spent to the best advantage of poor people and said that it would not affect the local mills as the duty was only a small amount

Sri D R Puttanna supporting the subject observed that the proposed levy would not give room for inflation but on the other hand it was an anti-inflationary measure He said that the Mill owners would not be affected but on the other hand it was the Consumers who had to bear the duty indirectly.

Sri H S.Seetharamam, C Rajagopalachar, S N M Razvi all spoke in support of the proposal.

Sri N Keshava Iyengar supporting the subject observed that out of the 16 items 14 items related to electric goods radios etc used by the upper classes of the Society and the poor would not be affected by the same He said that it was a legitimate levy and there was already considerable delay and immediate effect should be given to the resolution to that the financial position of the Municipality may be improved

RESOLUTION Office note approved.

Sd/- K Shamaraja Iyengar,
Honorary President

"Copy"

Municipal Commissioner.

Proceedings of the meeting of the Municipal Council dated 23-9-46

Jrgent Subject No 1

Opinion of the Managing Committee dated 9-9-1946 approving the recommendation oi the Commissioner regarding the re-organisation of the ministerial staff and the levy of octroi on certain articles (as per list annexed) and opining that the number of auditors in the Municipality be raised from 3 to 5

Resolution - APPROVED

Sd/-P Sivashankar,
Hon President

"Copy"

Municipal Commissioner

List of articles (out of those proposed by the Special Officer) on which octroi may be levied with a view to improve the finances of this Municipality

--

Name of article.	Rate at which the octroi is proposed to be levied			Unit or quantity
	Rs	a	p	
1 Asbestos sheets	1	9	0	Percent advalarem
2 Copper	1	9	0	"
3. Brass	1	9	0	"
4 Musical goods (Radios and Gramaphone records)	1	9	0	"
5 Alluminum wear	1	9	0	"
6 Kashmir silk (non-Mysore)	1	9	0	"
7 Motor accessories	1	9	0	"
8 Colour and metal polish	1	9	0	"
9 Electric goods	1	9	0	"
10. Foreign toys	1	9	0	"
11 Glazed tiles	1	9	0	"
12 Glassware (foreign)	1	9	0	"
13 Raw-cotton	1	9	0	"
14 Raw wool	1	9	0	"
15 Chicory powder	1	9	0	"
16 Flooring and ceiling tiles	1	9	0	"

Sd/- Safi Darashah,
Municipal Commissioner

----0----

"Copy"

Municipal Commissioner

Copy of report No 03 Pr 76/46-47 dated 7-3-1948, received from the Superintendent, Octroi & Toll, Bangalore City

--

Memo

Submitted to the Municipal Commissioner -

With reference to memo No A4 C 595/46 Enc One File, dated 9-12-46 forwarding the objections received regarding levy of octroi duty on 16 items mentioned in Notice No A4 C 595/46 dated 24-10-46, and calling for the remarks on all the points raised etc , the undersigned begs to state as follows -

It is seen from the file, objections are received only in respect of items No 2,3,4,5,9,13 and 14, i e , copper, brass, gramaphone records, alluminium ware, electrical goods, raw-cotton and raw-wool

Regarding copper, brass, and alluminium ware, only one objection has been received from M/s Keshavalal & Co the gist of which is that in view of the already heavy prices for the utensils and raw materials, the contemplated octroi should not be levied as it will lead to great hard-ship to the poor and needy classes It is of course true that the value of the said materials has gone up considerably but prices of various other articles on which octroi is being levied have like wise gone up and this does not appear to be a good ground for not imposing octroi on these articles especially as several other Municipalities in the State have also levied octroi on the said articles.

Regarding Musical instruments, two objections have been received one from M/s Dinkson & Co , and the other from several gramaphone dealers including the said M/s Dinkson & Co The petition of the former is not in the nature of objections but merely a request to intimate them whether the octroi would be levied only for gramaphone records or other machinery parts as well connected with the same The other application raised several points which are all to the effect that the present gramaphone trade is decaying owing to the introduction o radios and that the levy of octroi duty is likely to ruin the trade completely Further it is stated that 50% of the records imported into the City are being returned back and that most of the parts are received in damaged condition and hence to be returned The points raised appear to have considerable force In view of the present condition of the trade and the small return which is likely to result from the imposition of octroi merely on gramaphone records the question of dropping the proposal may kindly be taken into consideration The octroi on Radios in respect of which no objections have been received may be levied as per notice

Regarding electroi goods, an objection has been received from the Licensed Electrical Contractors' Association of Mysore, Avenue Road, Bangalore City, which is to the effect that the levy on the said goods will cause great hardship to the Electrical Contractors and consumers as prices of the materials are already high and the goods are not easily obtainable in the market The objections do not appear to have any force as in the case of these raised in respect of copper, brass, and alluminium wares

As a matter of fact, octroi is already being levied on conduit pipes and fittings which are electrical goods as iron building materials and no hard-ship has ever been complained of regarding the same

Now coming to the proposed levy of octroi on raw-wool and raw-cotton, the important Mills of the City, viz , the Mysore Spinning & Manufacturing Co , Ltd , The Minerva Mills Ltd , and Bangalore Woollen, Cotton & Silk Mills Co , Ltd , have filed objections separately raising several identical points of legal, political, and ecnomic nature which are as follows -

(1) Revenue raised by the Municipality from one source, cannot be applied to any other purpose excepting the one corresponding to the amenities which the Municipal Council provides to the citizens under Chapter VI of the M C M Act.

(2) The resolution of the Municipal Council is invalid in so far as it concerns raw materials or other goods imported only for the purpose of manufacture and conversion into a finished product for sale

(3) The terms of the resolution as set out in the notice do not disclose why this extra revenue is required nor contain the particulars required by Section 65 of the M C M

(4) The proposed levy will affect these Mills adversly thereby necessitating a comparable reduction in worker's wages, or the shifting of the Mills beyond the Municipal limits and also likely to affect the Government and the Municipality

(5) No other Municipality either in the State or elsewhere in India has levied octroi on raw cotton brought within their limits for the purpose of manufacture and conversion into a finished produce for sale

From the above, it is seen that objections 1 to 3 are of legal natrue and in this connection the undersigned likes to point out at the outset that these objections are built up on the fantastic and absurd conclusions drawn by quoting certain provisions of the Act coupled with unwarranted assumptions stated to be the interpretations of such provisions Regardint the proposition that the Municipality cannot apply the revenue rasied from one source for any other purpose, Chapter VI and particularly Sections 58 & 59 as well as Section 61 dealing with the obligatory, special, and discretionary duties of the Municipal Council and the phrase "for the purposes of the Act", in Section 64 Clause (b) are relied upon and the phrase "for the purposec of the Act" in Section 64 Clause (b) is interpreted as really meaning that the Municipal Council can raise revenue by levy of taxes only when the revenue corresponds to the amenities which the Municipal Council provides to the citizens under Chapter VI (i e , Sections 58, 59 and 61) and only to the extent to which such revenue is required for those purposes A close examination of the provisions of the Sections referred to above clearly shows that the contention is untenable and lead if followed to absurd results It is stated that separate taxes corresponding to each of the items referred to in Sections 58, 59 and 61 and only to the extent required for those purposes alone should be levied and that the revehue raised from one head cannot be spent on another But, it may be seen that there are several items of amenities referred to in Sections 58, 59 & 61 for which a tax aannot be imposed at all and there are other heads of expenditure in a Municipality which do not at all correspond to any of the items mentioned in the said provision

pxx

If this contention of the Mills is correct then there is no justification for the levy several taxes including octroi which are provided by the Act Under the circumstances this contention is untenable and otherwise impracticable

It is no where stated in the Act, that Octroi should not be levied on raw materials or other goods brought within the City limits for the purpose of manufacture and conversion into a finished product for sale On the other hand a perusal of Schedule II Under Section 64, Clause (4) &(5) regarding the maximum rate of octroi or terminal tax will go to show that several of the articles on which octroi is leviable are raw materials some of which such as tobacco, metals, timber etc are brought within the Municipal limits for the purpose of manufacture and conversion into a finished product for sale Section 64 (b) (IV) relied upon by the Mills merely lays down that the Municipal Council can levy an octroi on animals or goods or both brought within the octroi limits for consumption or use therein and the undersigned is unable to understand how this can be interpreted as meaning that the person who pays the duty in the first instance can recover it in the last resort from the consumer citizen within the Municipal limits who uses the goods or the animals Hence this cannot be the correct interpretation of the provision and therefore the contention that the resolution is invalid so far as it concerns raw materials or other goods which are brought within the Municipallimits only for the purpose of manufacture and conversion into a finished product for sale, is untenable The reference in this connection to the exemption of basic materials used in manufacture under Sales Tax Act enacted outside the State is irrelevant for the purpose of levying octroi on those articles under the Mysore Municipal Act So far as the undersigned is aware of, the sales tax is a tax on the sale of certain goods in a particular place, where-as octroi is a tax on imports and they are governed by different principles In this connection, it is interesting to note that sales tax is being levied on the finished products and this may be the reason for exempting basic materials in order to avoid double taxation

Regarding objection No 3, the provisions of Section 65 do not lay down that the purpose for which the revenue is required should be set out in the Notice, nor is it clear how the particulars required by Section 65 are not set out in the Notic

The next point raised by the Mills i e , the proposed levy will affect these Mills adversly thereby necessitating a comparable reduction in workers' wages or shifting of the Mills beyond the Municipal limits etc , is highly unreasonable and cannot be countenanced at all According to these Companies' own statemen direct loss of profit by the imposition of octroi on raw-wool and raw-cotton amounts to Rs 45,000/- to Minveva Mills, Rs 57,000/- to Mysore Spinning & Manufacturing Co The rate of octroi is Rs 1-9-0 % advalorem and if at this rate merely on the raw materials the total loss to the Companies, amount to Rs 1,00,000/- it is needless to stress on the huge amount of profits these Companies aremaking on the sale of their manufactured goods At present these Companies are merely paying the building tax and a few other minor taxes towards the Municipal Fund Having consideration for the innumerable problems involving heavy expenditure by the Municipality due to the existence of these Mills in the City area the above tax paid by these Mills is very light and they are bound to pay some other taxes in proportion to their income The contention that the State worul suffer directly to the extent of income-tax and super-tax that would otherwise be recoverable from the profits thus sacrificed is untenable, because the income-tax and super-tax on this amount of Rs 1,00,000/- is negligible as compared to the benefit derived by the Municipality by imposing the octroi on raw-wool and raw-cotto and that the Government may not mind to loose a few thousand rupees in view of the great benefit the imposition will confer on the Municipality

The next contentions that the Mills may be obliged to red the workers' wages etc , and that in the other alternative to mo the entier Mills to a site beyond the Municipal limits are unreasonable i It cannot be understood why the octroi shoul not be paid out of the huge profits derived by the Mills instead of resorting to a cut in the workers' wages If these Mills are removed to a site out of the City limits the Municipality will certainly be rid of several complicated problems like slum clearance etc , due to the existence of these Mills, besides, deriving a large octroi revenue on the finished goods manufactured by these Mills and brought into the City for use or consumption therein which may perhaps be a larger amount than whay may be realised from the proposed imposition

Finally, it is not a good ground to drop the levy on raw-cotto and raw-wool because no other Municipality either in the State or elsewhere in India has levied such a tax As a metter of fact the articles on which octroi is levied in various Municipalities is not uniform and each Municipality is imposint octroi on such of the goods which ehy deem fit for the purpose Hence the question of non-levy of octroi on raw-cotton and raw-wool in other Municipalities does not bar this Municipality from imposing the same

q In view of the above circumstances there is no reason to drop the proposal to levy octroi on raw cotton and raw-wool.

In conclusion the undersigned likes to make the following observations regarding certain other items proposed to be taxed and the same may kindly be taken into consideration

Items, 2 & 3 Copper & Brass - It is not clearwhether these include copper-ware and brass-ware / Hence they may be altered as "copper in any form" and "brass in any form"

Item No 4 Musical Goods (Radios and Gramaphone Records) - The works musical goods may be omitted as it is likely to give room to different interpretations If the recommendation of the under-signed regarding gramaphones records is accepted, it is enough if the work Radios alonw is entered in that column

Item No 6 Kashmir Silk (Non-Mysore) - The description is inconsistent and contradictory since there is no question of production of Kashmir Silk in Mysore or production of Mysore Silk elswwhere in India In this connection it is necessary to point out that non Indian Raw silk is already leviable with octroi and if Indian raw silk other than Mysore is intended to be now taxed then the description should be "Indian Silk", of course providing an exemption for Mysore Raw Silk If the proposed octroi is confined to Kashmir silk it is enough if the same is described as - "Kashmir Silk"

Item No 12 Glass-ware (Foreign) - It may be made clear whether the word foreign means Non-Mysore or Non-Indian

The connected file is herewith returned

Sd/- G.Annadanappa,
Superintendent,
Octroi & Toll. Bangalore City

"Copy

Municipal Commissioner

To

The Municipal Commr
Bangalore City
(Thro the Dy Commr)

L 395-1/1810 cs
c/R

Subject Levy of octroi duty on certain new articles in Bangalore City Municipality

Sir, With reference to your letter No A4C 357/47, dated the 12th July 1948, on the above subject I am directed to state that Govt are not in favour of levy of octroi duty on fresh articles

38

for the present, ~~A copy of the~~ ~~submitted~~ for C/S M.
~~February~~ ~~to~~ ~~letter of the date~~
2620/ML 88-409 dated 11th Sept 1948 ~~sent~~ to the
~~Dept delivered neither does enclosed for~~
~~your information~~

A copy ← typing down the following short
the matter as per enclosed forms faithfully
records according for

for Secy to Govt
Rev - Dept
30/9/48

Encl

L 3951/ml 88-48-19 18 10 1948
WJR

The

Revenue Department

To

The Municipal Commissioner,
Bangalore City Municipality,
(Through the President)

SUBJECT Levy of octroi duty on certain new articles in Bangalore City Municipality

Sir,

With reference to your letter No A4 C 357/47 dated the 12th July 1948 on the above subject, I am directed to state that Government are not in favour of the levy of octroi duty on fresh articles for the present A copy of Government Order No L 2554-2620/M1 88-48-9 dated 11th September 1948 laying down the policy of Government in the matter is also enclosed for information

Records accompany

Yours faithfully,

O/C

For Secretary to Government,
Revenue Department